TRACS 202C Implementation Issues

Since TRACS 202C has gone live, a number of questions have come up about the appropriate way to handle specific situations and scenarios. Most of these involve the new cert selection rules that specify what anticipated voucher date may be used given a particular certification effective date. Typically there is a difference of opinion between the site and the CA about what is allowed or is expected.

This change was created for a number of reasons, but it benefits CAs in two major ways.

- 1 Once sites learn the new methodology, they will understand that there is no reason to hold on to vouchers until the 10th (or later). The effect should be that more managers send vouchers in earlier.
- 2 This ensures consistency between the voucher created by the site and the voucher created by the CA. Because of the new controls, we always know which certifications will appear on each voucher.

This is not really a radical change; this is just a change to the cut-off date. Previously, the cutoff date was the 10^{th} . Anything created before a voucher was created was included. Now, the cutoff is the 1^{st} . Anything effective after the 1^{st} is moved to the next voucher.

A key thing to remember is that the Anticipated Voucher Date is just that—an expected date. Various things may intervene to cause a cert to appear on a later voucher than anticipated when it was signed. This is not a problem and not a cause for CA action. There is no requirement that a cert's anticipated voucher date match its actual voucher date.

Keep in mind that the cert selection rules only forbid certs appearing on vouchers <u>earlier</u> than the rules specify. There is no requirement that a cert must appear on a specific voucher for the obvious reason that that transactions are often submitted after the voucher that they could have appeared on has been paid.

In general, we all need time to use and adapt to the new rules. The best time to open up a discussion about the new model will be at the June TRACS Industry Meeting. To that end, all are encouraged to submit comments and specific scenarios that are causing problems to MtTracsWorkingGroup@hud.gov using the subject "Industry Meeting 202C" no later than May 1. At the Industry Meeting, a summary of the comments along with alternatives for resolving the issues raised can be presented and discussed.

The following are some scenarios that have raised questions and about which we may want to have discussions in June.

- Site processes a January 1 GR on December 5 and builds a January HAP after that. There are completed Jan 1 ARs already in the database at the time the GR is processed. The site includes the corrected ARs on the January voucher and puts the MAT70 GRs on the February voucher as required. This is correct under the anticipated voucher date rules but violates the best practice of not entering the GR until its effective date.
- Site has a January 1 mass recert date approved by HUD. Site processes a December 5 MI and immediately does a Jan 1 AR. The MI must go on the February voucher but the AR is allowed for January and is put on that voucher. This is allowed under the rules. If CA software is unable to deal with this scenario it is acceptable to push the AR to the February voucher so that it will

- appear along with the MI. Sites should be transmitting certifications as they occur, in any event. The site should not hold the MI but should send it immediately.
- A termination is effective 12/31. This can't appear on a voucher until February. This means that you bill for January at the old rate. Yes, that is the proper way to bill. All systems should reflect a change on the voucher adjustments page on the February voucher. This will return the subsidy for January for that resident.
- MAT10s with the UT flag set and effective on the voucher date (AR, IR, IC) are showing up on that voucher rather than the next voucher. This is allowed under the current rules. Big certs eat little certs when the effective dates are the same. So, the rules for MAT 10s supersede the rules for other certifications.
- Contract combinations involving TM/IC pairs of certs—the TM appears on the expiring contract's
 voucher and the IC appears on the new contract's voucher. What do you do if the cert selection
 rules do not allow the TM to appear on the last voucher that HUD will pay? A way to get around
 this limitation is to process a voucher for the month following the one that HUD will pay. Take
 the amount of that voucher and enter it as an OARQ miscellaneous accounting request on the
 last voucher that will be paid.

Since we can not anticipate all possible scenarios, both sites and CAs are asked to be flexible and use common sense when enforcing these rules. At the CA level, it would not be appropriate to hold payment on a certification because its anticipated voucher date was either wrong (the date is too early and is forbidden by the rules) or earlier or later than the CA might want. This is, after all, an "anticipated" voucher date. CAs are free to modify an anticipated voucher date where necessary (and must do so where the date is not allowed by the rules) as long as that fact is communicated to the site so that a proper accounting reconciliation can be done for the voucher. However CAs may not be arbitrary in their exercise of discretion in this area and need to keep both the letter and spirit of the rules in mind. If the specification explicitly allows a certain practice, the CA may not disagree and require something else.

It is also not appropriate to adjust the voucher because the CA is aware of an upcoming change that is not reflected on the current voucher but will be reflected on a subsequent voucher.

To give a concrete scenario, suppose that we have a site completing certifications and a central office creating vouchers and transmitting the certs and vouchers to the CA or TRACS. The central office finishes and transmits the May voucher on April 3. The next day, the site tells the office about a March 30 MI. The central office is now on the June voucher and transmits the cert immediately to the CA with an anticipated voucher date of June. The CA creates its May voucher for the site a week later. The CA must not include the MI just because they have it and want to do so. They must respect the site's voucher date. Not doing this creates an unnecessary reconciliation difference between the site and CA May vouchers.

Conversely, a site submits a voucher for July on June 10. Due to a dual subsidy issue, the CA is aware that a MO transaction should have been submitted effective June 2. The site sends the MO transaction on June 12. The MO transaction has an anticipated voucher date of August. It is not appropriate to adjust the subsidy down to reflect the MO. This will be done automatically on the July voucher.

These are the rules for all subsidies except RAP and Rent Supp:

1. MI

- o MI should not be entered in advance of the effective date
- o MIs can be effective on the first of the month
 - MIs that have been completed when the voucher is created will be included on the voucher if they are effective on a date that is less than or equal to the first of the month prior to the voucher date.
 - Example July 1 MI is completed and sent on July 1. This certification's anticipated voucher date is August (based on the effective date, the MI cannot appear on an earlier voucher)
- o MI can be effective on a day other than the first
 - MIs effective after the first of the month appear on an appropriate subsequent voucher
 - Example July 2 MI is completed and sent on July 2. The certification's anticipated voucher date is September (based on the effective date, the MI cannot appear on an earlier voucher)

2. AR

- o ARs can be entered in advance of the effective date
- o ARs are always effective on the first of the month
- ARs that have been completed when the voucher is created will be included on the voucher
- Example July 1 AR is completed and sent on April 1. This certification's anticipated voucher date is July (based on the effective date, the AR cannot appear on an earlier voucher)

3. IR

- IRs can be entered in advance of the effective date
- o IRs involving rent changes are always effective on the first of the month
- IRs that have been completed when the voucher is created will be included on the voucher
- Example July 1 IR is completed and sent on June 1. This certification's anticipated voucher date is July (based on the effective date, the IR cannot appear on an earlier voucher)

4. IC

- o ICs can be entered in advance of the effective date
- o ICs can be effective on the first of the month
 - ICs that have been completed when the voucher is created will be included on the voucher
 - Example July 1 IC is completed and sent on June 3. This certification's anticipated voucher date is July (based on the effective date, the IC cannot appear on an earlier voucher) unless the site has already completed and submitted its July voucher in which case the voucher date is August.
- o IC can be effective on a day other than the first
 - ICs effective after the first of the month appear on an appropriate subsequent voucher
 - Example July 2 IC is completed and sent on July 2. The certification's anticipated voucher date is September (based on the effective date, the IC cannot appear on an earlier voucher)

■ Example 2 – February 2 IC is created and sent on April 15. The certification's anticipated voucher date is June. (based on the effective date and when the certification was entered, the IC cannot appear on an earlier voucher)

5. MO

- o MOs should not be entered in advance of the effective date
- o MOs can be effective on the first of the month
 - MOs that have been completed when the voucher is created will be included on the voucher
 - Example August 1 MO is completed and sent on August 1. This certification's anticipated voucher date is September (based on the effective date, the MO cannot appear on an earlier voucher)
- MO can be effective on a day other than the first
 - MOs effective after the first of the month appear on an appropriate subsequent voucher
 - Example August 2 MO is completed and sent on August 3. The certification's anticipated voucher date is October (based on the effective date, the MO cannot appear on an earlier voucher)

6. UT

- o UTs should not be entered in advance of the effective date
- o UTs can be effective on the first of the month
 - UTs that have been completed when the voucher is created will be included on the voucher
 - Example August 1 UT is completed and sent on August 2. This certification's anticipated voucher date is September (based on the effective date, the UT cannot appear on an earlier voucher)
- o UT can be effective on a day other than the first
 - UTs effective after the first of the month appear on an appropriate subsequent voucher
 - Example August 31 UT is completed and sent on September 1. The certification's anticipated voucher date is October (based on the effective date, the UT cannot appear on an earlier voucher)

7. TM

- o TMs can be entered in advance of the effective date
- o TMs can be effective on the first of the month
 - TMs that have been completed when the voucher is created will be included on the voucher
 - Example August 1 TM is completed and sent on June 30. This certification's anticipated voucher date is September (based on the effective date, the TM cannot appear on an earlier voucher)
- TM can be effective on a day other than the first
 - TMs effective after the first of the month appear on an appropriate subsequent voucher
 - Example August 31 TM is completed and sent on September 1. The certification's anticipated voucher date is October (based on the effective date, the TM cannot appear on an earlier voucher)

8. GRC

- o GRCs should not be entered in advance of the effective date
- o GRCs can be effective on the first of the month

- GRCs that have been completed when the voucher is created will be included on the voucher
- Example August 1 GRC is completed and sent on August 1. This certification's anticipated voucher date is September (based on the effective date, the GRC cannot appear on an earlier voucher)
- o GRC can be effective on a day other than the first
 - GRCs effective after the first of the month appear on an appropriate subsequent voucher
- Example August 31 GRC is completed and sent on September 1. The certification's anticipated voucher date is October (based on the effective date, the GRC cannot appear on an earlier voucher)GRC can be reflected on a MAT 70 or on a MAT 10 (correction to MAT 10 with same effective date as GRC)
 - In this case, all GRC transactions may not appear on the same voucher if the GR is entered before its effective date.
 - Example GRC for 22 units is effective on 6/1. Application of GRC to software is done on 5/1. This creates 20 MAT 70 transactions and 2 AR corrections to ARs with 6/1 effective dates. Both AR corrections will appear on the June voucher. The 20 MAT 70 transactions will appear on the July voucher. (based on the effective date, the GRC cannot appear on an earlier voucher)

 If the GRC had been entered, as recommended, on 6/1, the MAT 70 GRC transactions and the AR corrections would appear on the July voucher.